

**NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.**

**Only the most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC's office in Suite 101 of the State Capitol Building North.**

## FISCAL IMPACT REPORT

**SPONSOR:** SCONC                      **DATE TYPED:** 02/08/02    **HB** \_\_\_\_\_

**SHORT TITLE:** 2002 Water Trust Fund GO Bond Act                      **SB** 252/SCONCS

**ANALYST:** Kehoe

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
\$20,000.0				Non-Recurring	GOB

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 44 and HB 323

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
\$20,000.0			Non-Recurring	Water Trust Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

New Mexico Finance Authority (NMFA)  
LFC Files

### SUMMARY

#### Synopsis of Substitute Bill

The Senate Conservation Committee Substitute for Senate Bill 252 creates the 2002 Water Trust Fund General Obligation Bond Act and authorizes the issuance and sale of General Obligation Bonds (GOBs) to fund the Water Trust Fund in an amount not to exceed \$20,000.0. The Act provides for a general property tax imposition and levy for the payment of principal of, interest on and expenses incurred relative to issuance of the bonds and collection of the tax permitted by law. The authorization to issue and sell GOBs is subject to a majority of all votes cast by the registered voters

of New Mexico at the general election to be held in November 2002. The bill contains an emergency clause.

### Significant Issues

The Legislature enacted the Water Project Finance Act (Laws 2001, Chapter 164) establishing a Water Trust Fund Program, a Water Project Fund and a Water Trust Board. The purpose of the Act is to provide grants and loans to political subdivisions and to provide for long-range planning and financing of regional and statewide water supply projects. The 2001 statute authorizes NMFA to administer the grant and loan projects. However, the bill did not contain an appropriation for loans, grants or recovery of NMFA administrative costs. A 15-member Water Trust Board with broad representation of water interests and expertise was appointed and charged with prioritizing projects for recommendation to the Legislature. The NMFA Board approved the use of NMFA funds to support the first year of operations of the Water Trust Board. The Water Trust Board identifies water projects for funding that meet the criteria set forth in the legislation such as: storage, conveyance or delivery of water to end users, implementation of the Endangered Species Act collaborative programs, restoration and management of watersheds, and flood prevention.

According to NMFA and the State Engineer's Office, the development of long-term surface water supplies is estimated at over \$1.5 billion. The issuance of GOBs in amount totaling \$20,000.0 would provide the initial capitalization for over \$4.1 billion in water projects crucial to the citizens of New Mexico.

### **FISCAL IMPLICATIONS**

The issuance and sale of GOBs totaling \$20,000.0 is a non-recurring impact to GOB capacity. The State Treasurer shall keep separate accounts of all money collected pursuant to the taxes imposed and levied pursuant to the provisions of the 2002 Water Trust Fund General Obligation Bond Act and shall use the money only for the purposes of paying the principal of and interest on the bonds as they become due and any other related expenses.

The Water Trust Fund is created in the State Treasury and would initially be funded by the \$20,000.0 million GOB appropriation. The State Investment Officer would invest the money in the fund in the same manner that the land grant permanent funds are invested. Earnings from the investment of the funds are to be credited to the Water Trust Fund and shall be used only for an annual distribution to the Water Project Fund to fund water projects authorized by the Legislature.

### **COMPANIONSHIP/RELATIONSHIP**

Senate Bill 44 appropriates \$90,000.0 in FY03 and subsequent years from the General Fund to the Water Trust Fund for the purpose of carrying out the Water Project Finance Act. The appropriation is contingent upon the state receiving an equal amount from Indian gaming back-payment receipts pursuant to gaming compacts. House Bill 323 authorizes the issuance and sale of General Obligation Bonds to fund the Water Trust Fund in an amount not to exceed \$50,000.0. Senate Bill 392 appropriates \$20,000.0 from the general fund to the Water Trust Fund and \$20,000 to the Water Project Fund to carry out the Water Project Finance Act.